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MEMORANDUM FOR: SPECIAL ASSISTANT TO THE SECRETARY OF STATE
FOR RESEARCH AND INTELLIGENCE
DIRECTOR OF INTELLIGENCE, GENERAL STAFF,
UNITED STATES ARMY
DIRECTOR OF NAVAL INTELLIGENCE
DIRECTOR OF INTELLIGENCE, OFFICE OF DEPUTY
CHIEF OF STAFF, OPERATIONS, UNITED STATES
AIR FORCE
DIRECTOR OF INTELLIGENCE, ATOMIC ENERGY
COMMISSION
DEPUTY DIRECTOR, JOINT INTELLIGENCE GROUP,
JOINT STAFF
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION

SUBJECT: State Department's Four Problems

REFERENCE: Circular Memo to IAC, August 5, 1949

ENCLOSURES: (A) Report on State's Four Problems, from all
Standing Committee Members except State's,
dated September 23.
(B) Report on State's Four Problems from the State
Member of the Standing Committee dated October 25.

1. Subsequent to the IAC meeting which decided that the Standing Committee should give consideration to the Four Problems presented by Mr. Armstrong in connection with the implementation of NSC 50 (Dulles Report Recommendations), two meetings were held to discuss the recommendations in the four papers which were submitted.

2. All members of the Standing Committee, except the State Member, are in agreement with the report. (Encl. A) The report preferred by the State Member is also enclosed. (Encl. B)

3. If the IAC Members wish to have the Coordination, Operations and Policy Staff (formerly ICAPS) prepare a report on the Four Problems as presented by State, I shall be glad to have this done.

Signature - via ER 11/1/49

cc: AD/ORE
-Signer's Copy
Executive
Return to CO&PS
-Central Records

R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central
Intelligence

PC/dhl:omy

CO&PS, 28 Oct 49

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Report on State's Four Problems, from all
Standing Committee Members except State's,
dated September 23

PROBLEM I - COORDINATION OF INTELLIGENCE ACTIVITIES

1. In general, all Standing Committee members are in agreement with Mr. Armstrong's Recommendations I-1, 2, and 3 pertaining to ICAPS and the Standing Committee.

2. The Department of Defense members of the Standing Committee, however, consider that the functions, responsibilities, and membership of ICAPS, and the Standing Committee should be as follows:

ICAPS

a. Should be composed of full-time members contributed by the agencies represented on the IAC.

b. Should be under the direction of and responsible to the Director of Central Intelligence.

c. Should have, as one of its primary responsibilities, the accomplishment of staff work in connection with the development and presentation of policies and procedures for the production and coordination of intelligence by the various agencies represented on the IAC. In matters of this sort the objective of ICAPS should be the production of an unbiased, comprehensive presentation or report covering all aspects of a subject. This it should be able to do because of the wide variety in training, experience, and general background of its members.

d. Should function as a secretariat for the IAC and the Standing Committee of the IAC.

e. Should perform such other functions as the Director of Central Intelligence may direct.

THE STANDING COMMITTEE OF THE IAC

a. Should be composed of at least one representative from each IAC agency.

b. Should review, on behalf of the IAC, such matters as may be referred to it for action by the IAC or the IAC Secretariat (ICAPS). Normally all staff work on such matters would be accomplished by ICAPS prior to submission of items to the SC/IAC or the IAC.

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c. Could then direct its action primarily toward the following objectives:

(1) Presentation and discussion of revisions which SC/IAC members might consider desirable, from the standpoint of the agencies they represent.

(2) Thorough indoctrination of all SC/IAC members in all aspects of the matter under consideration including the views of other SC/IAC members and hence the probable recommendations they will make to their respective Directors when the matter comes up for consideration by the IAC itself. (There should be no formal voting by the SC/IAC and it should be clearly understood that the views expressed by SC/IAC members will not necessarily be the same on any particular subject as those presented by their Directors when action is taken at the IAC level).

3. The Department of Defense members of the Standing Committee recommend that the IAC approve the substance of the above paragraphs and recommend to the DCI that it be published in appropriate form for the information and guidance of all concerned.

4. Department of Defense members of the Standing Committee also recommend that the remainder (I-4, II, III, and IV) of the Department of State proposals be referred, as a first step, to ICAPS for appropriate staff action.

5. Nevertheless the remainder of Mr. Armstrong's four problems were discussed. The Standing Committee agreed that the wording of Recommendation I-4 was confusing and that it should be separated into two paragraphs to read: "4. That CIA establish an Estimates Division in accordance with the recommendations of the Dulles Report," and that there be a new paragraph 5 reading: "5. That CIA fulfill its coordinating responsibilities in respect to intelligence production in accordance with the following principles:-."

6. However, only State wishes to have established an Estimates Division (new paragraph I-4), as the Department of Defense Agencies dissented and proposed that the subject be referred to ICAPS for further study. The CIA representative also dissented on the ground that the Director does not desire to have a new, separate "Estimates Division." AEC and the FBI abstained. The Department of Defense Agencies, in regard to the new paragraph I-5 mentioned above, recommended that the principles (a) to (f) in Mr. Armstrong's recommendations be referred to ICAPS for further study. State and AEC approved of all of these principles and FBI abstained. The CIA position at the meeting, with regard to paragraph (e), was that the obligations of this agency would not permit it to adjust its production in accordance with the departments'

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"existing programs;" nor could CIA agree that the assignment of personnel to IAC agencies from CIA, reference (f), was a part of its coordinating responsibilities.

PROBLEM II - PRODUCTION OF NATIONAL INTELLIGENCE

The Department of Defense Agencies and the AEC accepted in principle State's recommendations for Problem II. The FBI abstained, and CIA rejected the principles expressed in Recommendation 1 (a) and 1 (c).

PROBLEM III - RESEARCH AND REPORTS

It was agreed that Recommendation III-1 should have deleted the last clause and be changed to read: "That, aside from National Intelligence, CIA will produce intelligence reports only in fields of common concern," and that Recommendation III-2 should have added to it "for further approval by the NSC." With these changes included, the State and Defense members agreed to the recommendations, FBI abstaining. CIA maintained it performs "services" of common concern (FBIB, etc.) but found Recommendation 1, as written, too restrictive.

PROBLEM IV - POLITICAL SUMMARIES

The members of the Standing Committee agreed to this recommendation. FBI abstained.

RECOMMENDATIONS BY THE STANDING COMMITTEE

1. As the result of its considerations of Mr. Armstrong's four papers, the consensus of opinion of the Standing Committee was:

a. That Recommendations 1, 2, and 3 of Paper I be accepted in principle as elaborated by the Defense Department members.

b. That new Recommendations 4 and 5 (see paragraph 5 above) of Paper I and all recommendations of Papers II, III, and IV be referred to ICAPS for appropriate action.

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13

**Report on State's Four Problems from the
State Member of the Standing Committee
dated October 25.**

It is our view that all four papers should be referred to COAPS for further study, inasmuch as the points at issue have not been sufficiently clarified to permit IAC action. I would suggest that a report to the IAC along the following lines be substituted for the draft included in your memorandum.

1. The Standing Committee has met twice to consider the four papers submitted with Mr. Armstrong's letter of August 2, 1949. Although agreement was reached on a number of the recommendations made in these papers, it is believed that the divergent views on the remainder cannot be clarified without further staff work.

2. The Standing Committee therefore recommends:

a. That the papers be referred to COAPS for preparation of a staff study which will clearly indicate the areas of agreement and isolate and define the issues and areas on which there is disagreement, marshalling the arguments on each side;

b. That the study be completed in time for action at the November meeting of the IAC.

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